

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding Policies,
Procedures and Incentives for Distributed
Generation and Distributed Energy Resources.

Rulemaking 04-03-017
(Filed March 16, 2004)

**ADMINISTRATIVE LAW JUDGE'S RULING
SCHEDULING WORKSHOP ON PERFORMANCE-BASED INCENTIVES FOR
THE CALIFORNIA SOLAR INITIATIVE PROGRAM**

The Commission recently issued Decision (D.) 06-01-042, which adopts the policy and basic program elements for the California Solar Initiative (CSI). The decision anticipates a number of workshops to explore outstanding program issues.

One of the more complex of those issues is what has been called "performance based incentives" or PBI, which would compensate solar project operators according to the energy output of the project over time. Such incentive structures could pay 100% for performance or pay a portion of the incentive when the project becomes operational and a portion according to subsequent energy output. The Commission will also need to determine whether PBI should apply to all CSI projects or only commercial projects, depending on metering costs, administrative costs and the impact on development more generally. Currently, solar incentives are paid in a lump sum on the basis of rated capacity at the time the project becomes operational.

D.06-01-042 also states the Commission's intent to consider the impacts of federal tax credits on solar project viability. The objective is to avoid the

payment of state-sponsored incentives that are not needed in order to motivate development. The Commission will need specific information about the tax credits and how they may affect various types of investors and projects.

This ruling schedules a workshop to address these issues on March 16, 2006 at 10 a.m. In the interim, parties are encouraged to submit proposals for consideration at the workshop. Proposals may cover a proposed PBI mechanism, suggestions for how to treat tax credits, or both. Proposals should be submitted no later than February 24, 2006 and should be served electronically on the service list of the proceeding. They should not be filed. Commission staff and/or California Energy Commission staff will provide a detailed agenda in advance of the workshop.

IT IS RULED that a workshop is scheduled in this proceeding for March 16, 2006 at 10 a.m., at the Commission's headquarters, 505 Van Ness Avenue, San Francisco.

Dated February 3, 2006, at San Francisco, California.

/s/ KIM MALCOLM
Kim Malcolm
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Scheduling Workshop On Performance Based Incentives For The California Solar Initiative Program on all parties of record in this proceeding or their attorneys of record.

Dated February 3, 2006, at San Francisco, California.

/s/ JOYCE TOM

Joyce Tom

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.